

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION  
FINAL UTILITY ORDERS  
Selected for Publication  
May 2004

May 13, 2004

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

DOCKET NO. UE-031725

Complainant,

ORDER NO. 14

v.

PUGET SOUND ENERGY, INC.,

REJECTING TARIFF FILING,  
AUTHORIZING AND REQUIRING  
COMPLIANCE FILING, AND  
REQUIRING PCA ACCOUNT  
ADJUSTMENT

Respondent.

The Commission uses the following test to measure prudence: what would a reasonable board of directors and company management have decided given what they knew or reasonably should have known to be true at the time they made a decision. This test applies both to the question of need and the appropriateness of the expenditures. *¶ 65; RCW 80.28.010; 80.28.020; 80.28.040.*

Prudence cannot be properly measured from hindsight. *¶ 65; RCW 80.28.010; 80.28.020; 80.28.040.*

The Commission evaluates a Company's decisions not just from the perspective of management for the benefit of shareholders, but also for the benefit of customers. The fundamental question for decision is whether management acted reasonably in the public interest, not merely in the interest of the company. ¶ 65; *RCW 80.28.010; 80.28.020; 80.28.040.*